PHOENIX 2 RE PTE. LTD.

(Incorporated in Singapore. Registration Number: 202140817K)

ANNUAL REPORT

For the financial year ended 31 December 2023

PHOENIX 2 RE PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 December 2023

Contents

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 December 2023.

In the opinion of the directors,

(a) the financial statements as set out on pages 8 to 49 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year ended 31 December 2023 covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Paul Robert Faulkner
Tunstall Stephen John
Ng Hwee Hong

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

DocuSigned by:
Paul Robert Faulkner
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Paul Robert Faulkner
Director

DocuSigned by:
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Ng Hwee Hong
Director

31 May 2024

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Phoenix 2 Re Pte. Ltd. (the "Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended 31 December 2023.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the financial year ended 31 December 2023;
- the balance sheet as at 31 December 2023;
- the statement of changes in equity for the financial year ended 31 December 2023;
- the statement of cash flows for the financial year ended 31 December 2023; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on the Audit of the Financial Statements (continued)

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Financial Statements (continued)

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of reinsurance contract liabilities – liability for remaining coverage and asset for incurred claims, and insurance contract assets – asset for remaining coverage and liability for incurred claims Refer to the following notes in the financial statements: Note 2.3(ii) *Premium Allocation Approach ("PAA") model*, Note 2.3(ix) *Measurement* and Note 3 *Critical accounting estimates, assumptions and judgements.* (Re)Insurance contract assets and liabilities under FRS 117 require the selection of accounting policies and appropriate methodologies, which requires significant professional judgement. It also requires the determination of assumptions which involve estimation uncertainty. For insurance contracts with coverage period of more than a year, an assessment would need to be performed to determine the liability for remaining coverage ("LRC") under the General Measurement Model ("GMM") and Premium Allocation Approach ("PAA"). An entity can apply PAA only if the LRC measured by the PAA would not differ materially from the LRC produced under the GMM. Management applied judgement in the PAA eligibility assessment and concluded that its insurance and reinsurance contracts are all PAA eligible. As at 31 December 2023, the Company has US$27,000 (2022: nil) balance on its liability for incurred claims.	We performed the following audit procedures to address this matter: • we understood the actuarial valuation process; • we assessed the reasonableness of the model used to calculate the LRC under PAA and GMM; • we tested the calculations of LRC produced under GMM and PAA; • for the liability for incurred claims recorded by the Company, we obtained the confirmation from the independent qualified claims reviewer and the cedant on whether any claim event has occurred during the financial period; and • we assessed the appropriateness of the disclosures in the financial statements. Based on the work performed and the evidence obtained, the rationale for conclusion of the assessment conducted by the independent qualified claims reviewer is appropriate. Our audit procedures and the disclosures showed that they were in accordance with the relevant FRS 1 and FRS 117 disclosure requirements.

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 31 May 2024

PHOENIX 2 RE PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Notes	**For the financial year ended 31 December 2023**	For the financial period from 24 November 2021 (date of incorporation) to 31 December 2022 (Restated)
		USD	USD
Insurance revenue	5	**4,690,363**	2,539,601
Insurance service expense	6	**(909,548)**	(474,908)
Insurance service result before reinsurance contracts held		**3,780,815**	2,064,693
Net expenses from reinsurance contract held	7	**(3,780,815)**	(2,064,693)
Net expense from reinsurance contracts held		**(3,780,815)**	(2,064,693)
Net insurance service result		**–**	–
Investment income from Money Market Fund		**1,831,103**	417,290
Total investment income		**1,831,103**	417,290
Finance expenses from reinsurance contract held	8	**(1,831,103)**	(417,290)
Net insurance finance expenses		**(1,831,103)**	(417,290)
Net insurance service and investment result		**–**	–
Other income	9	**281,359**	1,690,242
Administration expenses		**(246,776)**	(1,654,267)
Foreign exchange (loss)/gain – net		**(117)**	238
Profit before income tax	10	**34,466**	36,213
Income tax expense	11	**–**	–
Profit after income tax		**34,466**	36,213
Other comprehensive income		**–**	–
Total comprehensive income		**34,466**	36,213

The accompanying notes form an integral part of these financial statements.

PHOENIX 2 RE PTE. LTD.

BALANCE SHEET
As at 31 December 2023

	Notes	**2023**	2022 (Restated)	At date of incorporation (Restated)
		USD	USD	USD
ASSETS				
Cash and cash equivalents	17	**138,394**	23,400	14,667
Financial assets at fair value through profit or loss	12	**40,870,377**	38,507,078	–
Insurance contract assets	15	**1,981,131**	907,615	–
Prepayments and other receivables	14	**79,902**	94,852	–
Cash held in collateral trust	13	**2,248,393**	417,290	–
Total assets		**45,318,197**	39,950,235	14,667
LIABILITIES				
Reinsurance contract liabilities	16	**45,121,901**	39,831,983	–
Accrued expenses and other payables	18	**110,950**	67,372	–
Total liabilities		**45,232,851**	39,899,355	–
NET ASSETS		**85,346**	50,880	14,667
EQUITY				
Share capital	19	**14,667**	14,667	14,667
Retained earnings		**70,679**	36,213	–
Total equity		**85,346**	50,880	14,667

The accompanying notes form an integral part of these financial statements.

PHOENIX 2 RE PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Share capital USD	Retained earnings USD	Total equity USD
2023			
At 1 January 2023 (restated)	14,667	36,213	50,880
Total comprehensive income	–	34,466	34,466
Balance at 31 December 2023	14,667	70,679	85,346
2022			
At 24 November 2021 (date of incorporation)			
- Issuance of shares upon incorporation	14,667	–	14,667
Effect of adoption of FRS 117	–	–	–
At 24 November 2021 (restated)	14,667	–	14,667
Total comprehensive income	–	36,213	36,213
Balance at 31 December 2022 (restated)	14,667	36,213	50,880

The accompanying notes form an integral part of these financial statements.

PHOENIX 2 RE PTE. LTD.

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2023

	Note	**For the financial year ended 31 December 2023**	For the financial period from 24 November 2021 (date of incorporation) to 31 December 2022 (Restated)
		USD	USD
Cash flows from operating activities			
Profit after income tax		**34,466**	36,213
Adjustments for:			
- Interest income		**(1,831,103)**	(417,290)
		(1,796,637)	(381,077)
Changes in working capital:			
- Prepayments and other receivables		**14,950**	(94,852)
- Insurance contract assets		**(1,073,516)**	(907,615)
- Cash held in collateral trust		**(1,831,103)**	(417,290)
- Reinsurance contract liabilities*		**5,289,918**	39,831,983
- Accrued expenses and other payables		**43,578**	67,372
Cash generated from operations		**647,190**	38,098,521
Net cash generated from operating activities		**647,190**	38,098,521
Cash flows from investing activities			
Interest received		**1,831,103**	417,290
Purchase of investments		**(2,363,299)**	(38,507,078)
Net cash used in investing activities		**(532,196)**	(38,089,788)
Cash flows from financing activities			
Proceeds from issuance of share capital		**–**	14,667
Net cash generated from financing activities		**–**	14,667
Net increase in cash and cash equivalents		**114,994**	23,400
Cash and cash equivalents at the beginning of financial year/period		**23,400**	–
Cash and cash equivalents at the end of the financial year/period	17	**138,394**	23,400

* Included in the proceeds from issuance of the variable rate notes is USD150,000, which was utilised to fund operational expenses.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 8 Marina View, #09-05 Asia Square Tower 1 Singapore 018960.

The principal activities of the Company are those of a general reinsurance business in Singapore licensed under Section 11 of the Insurance Act 1966 (the “Insurance Act”) as a Special Purpose Reinsurance Vehicle (“SPRV”).

The immediate and ultimate holding company of the Company during the financial year is Phoenix 2 Shares Trust registered in the Republic of Singapore, managed by Intertrust (Singapore) Ltd as the shares trustee.

2. Material accounting policy information

2.1 Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (“FRS”) including related interpretations of FRS (“INT FRS”) and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Company’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2023

In the current financial year, the Company adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company’s accounting policies and had no material effect on the amounts reported for the current financial year or prior financial period, except for FRS 117.

In these financial statements, the Company has applied FRS 117 for the first time. Additional information on the qualitative and quantitative effects of the adoption of FRS 117 on the Company’s financial statements is provided in Note 24.

2. Material accounting policy information (continued)

2.2 Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.3 Insurance and reinsurance contracts

FRS 117 replaces FRS 104 *Insurance Contracts* for annual periods beginning on or after 1 January 2023.

FRS 117 introduces an accounting model that measures groups of insurance contracts based on fulfilment cash flows and establishes specific principles for the recognition, measurement, presentation and disclosure of insurance contracts issued or held by the Company. The adoption of FRS 117 did not change the classification of the Company’s insurance contracts.

The Company has restated 2022 comparative information using transitional provisions.

(i) Classification of insurance contracts

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

2. Material accounting policy information (continued)

2.3 Insurance and reinsurance contracts (continued)

(i) Classification of insurance contracts (continued)

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued or initiated by the Company, unless otherwise stated.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts, and they follow financial instruments accounting under FRS 109. The Company does not have any contracts that fall under this category.

(ii) Premium Allocation Approach ("PAA") model

The PAA simplifies the measurement of insurance contracts in comparison with the general model in FRS 117.

Under FRS 117, insurance contracts held are eligible for application of the PAA model. The PAA is an optional simplified measurement model in FRS 117 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The Company's insurance contracts issued are all eligible for application of the PAA model although the coverage period of each contract within the portfolio of insurance contracts is more than one year, given the measurement is not materially from that under the general measurement model.

The measurement principles of the PAA differ from the "earned premium approach" used by the Company under FRS 104 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart. The Company has elected not to adjust the carrying amount of LRC, as the date of providing insurance services and the due date of the related premiums are no more than one year.

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

2. Material accounting policy information (continued)

2.3 Insurance and reinsurance contracts (continued)

(ii) Premium Allocation Approach ("PAA") model (continued)

The measurement principles of the PAA differ from the "earned premium approach" used by the Company under FRS 104 in the following key areas: (continued)

- Measurement of the liability for incurred claims (previously claims outstanding and incurred but not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

(iii) Level of aggregation

FRS 117 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation by the Company is determined by the line of risk.

For the general insurance business, each insurance contract represents a different group of insurable risk. As there is only one insurance and one reinsurance contract written, such group of contacts would be held at the individual contract level.

(iv) Onerous contracts

The Company has assessed the historical performance of each contract in order to conclude whether it should be classified as loss making. Based on the contracts written, identified and analysed, it is determined that none of the contracts were priced from the outset on a loss-making basis hence it is assumed that there is no onerous contracts. In addition, the Company is structured to be fully funded.

(v) Insurance acquisition costs

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting its insurance contract (issued or expected to be issued) and that are directly attributable to the insurance contract to which it belongs.

2. Material accounting policy information (continued)

2.3 Insurance and reinsurance contracts (continued)

(vi) Recognition

The Company recognises an insurance contract issued from the earliest of the following dates:

- The beginning of the coverage period of the contract (i.e. the period during which the Company provides services in respect of any premiums within the contract boundary);
- The date when the first payment from a policyholder becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received); and
- The date when the contract becomes onerous.

The Company recognises a reinsurance contract held from the earliest of the following:

- The beginning of the coverage period of the reinsurance contract held. However, the Company delays the recognition of the reinsurance contract held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the reinsurance contract held; and
- The date the Company recognises an onerous underlying insurance contract if the Company entered into the related reinsurance contract held at or before that date.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included. When a contract meets the recognition criteria after the reporting date, it is added in the reporting period in which it meets the recognition criteria.

(vii) Contract boundary

The Company includes in the measurement of its insurance contract all the future cash flows within the boundary of each contract. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

2. Material accounting policy information (continued)

2.3 Insurance and reinsurance contracts (continued)

(vii) Contract boundary (continued)

The analysis on the contract written was based on the following criteria:

- The Company has the practical ability to reassess the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks.

(viii) Risk adjustment

Risk adjustment for non-financial risk is the compensation that the Company requires for bearing uncertainty about the amount and timing of the cash flows of its insurance contract. The risk adjustment reflects an amount that the Company would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

For those that are eligible for the PAA model, the risk adjustment valuation may therefore only be required for Liability for Incurred Claims as the Company would expect the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, for the risk adjustment calculation permitted under FRS 117, a percentage loading will be applied to the best estimate claims position.

(ix) Measurement

On initial recognition of insurance contracts, the Company measures the liability for remaining coverage ("LRC") at the amount of premiums received in cash, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

Premiums due to the Company for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

2. Material accounting policy information (continued)

2.3 Insurance and reinsurance contracts (continued)

(ix) Measurement (continued)

Premiums payable for reinsurance contract services already provided in the period but not yet paid at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums paid in the period and the amount recognised as insurance services expense for reinsurance contract services provided in that period.

For insurance contracts issued, the carrying amount of the LIC is measured applying the PAA model, except that:

- for claims that the Company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks; and
- for claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised.

The Company estimates the liability for incurred claims (“LIC”) as the fulfilment cash flows (“FCF”) related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts. The allocation is done on the basis of the passage of time. The Company applies judgement in determining the basis of allocation.

When facts and circumstances indicate that its insurance contract has become onerous, the Company will perform a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount. A loss component is established by the Company for the liability for remaining coverage for such onerous contracts depicting the losses recognised.

2. Material accounting policy information (continued)

2.3 Insurance and reinsurance contracts (continued)

(ix) Measurement (continued)

The subsequent remeasurement of the reinsurance contract held follows the same principles as those for the insurance contract issued and has been adapted to reflect the specific features of reinsurance contract held. A loss recovery component is established in correspondence to the underlying contract that is onerous (if any).

(x) Derecognition and contract modification

An insurance contract is derecognised when it is:
- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

(a) if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
(i) is not within the scope of FRS 117;
(ii) results in different separable components; or
(iii) results in a different contract boundary;

(b) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of FRS 117, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification and contract aggregation requirements.

2. Material accounting policy information (continued)

2.3 Insurance and reinsurance contracts (continued)

(x) Derecognition and contract modification (continued)

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(a) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
(b) if the contract is transferred to a third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
(c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(xi) Changes to presentation and disclosure

For presentation in the balance sheet, the Company presents separately:

- Insurance contract issued that is an asset
- Reinsurance contract held that is a liability

The contracts referred to above are those established at initial recognition in accordance with the FRS 117 requirements.

The line item descriptions in the statement of comprehensive income have been changed significantly compared to those disclosed under FRS 104. Under FRS 104 the Company reported the following line items in their financial statements:

- Gross written premiums
- Net written premium
- Change in provision for gross unearned premiums
- Change in provision for Noteholders' share of risk premiums
- Underwriting expenses
- Movement for Noteholders' share of underwriting expenses

2. Material accounting policy information (continued)

2.3 Insurance and reinsurance contracts (continued)

(xi) Changes to presentation and disclosure (continued)

In the adoption of FRS 117, the standard requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Net expenses from reinsurance contract held
- Insurance finance income or expenses

The Company provides disaggregated qualitative information about significant judgements, and changes in those judgements, when applying the standard.

(xii) Catastrophe bond

Catastrophe bonds are bonds in which the principal, interest payments or both are reduced significantly if a special triggering event occurs and the triggering event includes a condition that the issuer of the bond suffered a loss. A Collateral Account is set up to hold any investments purchased from using proceeds arising from the initial bond issuance and any premiums received. The bonds issued are redeemable at the lower of the principal amount or the sum of the proceeds of the liquidation of the investments held in the Collateral Account plus early redemption premium payable upon the occurrence of certain event of default that failed to be cured by the ceding insurer, if applicable. The contractual interest is calculated as an amount equal to the sum of the investments yield from investments held in the Collateral Account and the annual risk premium. A Collateral Payment account is set up to hold any proceeds arising from the conditions defined above, before these proceeds are being paid out to the Noteholders.

The catastrophe bond is a reinsurance contract, with the Company (the issuer) as the policyholder and the noteholder as the reinsurer, and is accounted for as follows:

a. bond component comprising the principal amount collateralised by the investment held in the Collateral Account and the contractual interests on the principal amount calculated based on the investments yield are measured at fair value through profit or loss and net gains and losses are recognised in profit or loss. This is paid upfront by the noteholders for future claim recoveries, if the special triggering event occurs; and

b. premiums and claims are accounted for as a reinsurance contract. Noteholders' share of the premiums (risk interest spread), outstanding claims provision or settled claims are estimated in a manner consistent with that associated with the Reinsurance Agreement with the ceding insurer and in accordance with the Catastrophe bond contract.

2. Material accounting policy information (continued)

2.3 Insurance and reinsurance contracts (continued)

(xii) Catastrophe bond (continued)

The fair value of the bond component is determined based on the fair value of the investments held in the Collateral Account.

2.4 Financial assets

The Company classifies its financial assets into the following measurement categories:

- amortised cost; and
- fair value through profit or loss ("FVTPL").

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) *At initial recognition*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) *At subsequent measurement*

1. Debt instruments

Debt instruments of the Company mainly comprise of cash and bank deposits, cash held in collateral trust and other receivables.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these groups of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, this group of financial assets are measured at amortised cost subsequent to initial recognition.

2. Material accounting policy information (continued)

2.4 Financial assets (continued)

(ii) *At subsequent measurement* (continued)

1. Debt instruments (continued)

For cash and bank deposits, cash held in collateral trust and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Investments in Money Market Fund

The Company subsequently measures all its Money Market Fund investments at their fair values. These instruments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gain/(losses)”. Any interest income relating to these investments are recognised in profit or loss.

Regular way purchases and sales of these financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

On disposal, the differences between the carrying amount and sales proceed is recognised in profit or loss.

2.5 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities. Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

2. Material accounting policy information (continued)

2.7 Provisions

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.8 Revenue recognition

- **Insurance revenue**

  As the Company provides insurance contract services under the insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

  For an insurance contract measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage of the contract.

  The accounting policy in relation to insurance revenue is disclosed in Note 2.3(ix).

- **Interest income**

  Interest income is recognised using the effective interest rate method.

2.9 Insurance service result

Insurance service expenses

Insurance service expenses include the following:
- incurred claims and benefits, excluding investment components reduced by loss component allocations;
- other incurred directly attributable expenses;
- insurance acquisition cash flows amortisation;
- adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein;
- losses on onerous contracts and reversals of such losses; and
- insurance acquisition cash flows asset impairment.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses based on the passage of time.

2. Material accounting policy information (continued)

2.9 Insurance service result (continued)

Net expenses from reinsurance contract held

The Company presents financial performance of its reinsurance contract held on a net basis in net expenses from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. for a reinsurance contract measured under the PAA, broker fees are included within reinsurance expenses;
c. incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
d. other incurred directly attributable expenses; and
e. amounts relating to accounting for onerous underlying insurance contracts issued.

2.10 Insurance finance expenses

Insurance finance expenses comprise the change in the carrying amount of the reinsurance contract arising from the interest expenses from the bond component due to the noteholders.

For the contracts measured under the PAA, the Company includes all insurance finance income or expenses for the period in profit or loss.

2.11 Related party

A related party is defined as follows:

a) a person or a close member of that person's family is related to the Company if that person:

   (i) has control or joint control of the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

2. Material accounting policy information (continued)

2.11 Related party (continued)

A related party is defined as follows: (continued)

b) an entity is related to the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associated of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of wither the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company.

2. Material accounting policy information (continued)

2.12 Currency translation

The financial statements are presented in United States Dollar ("USD"), which is the functional currency of the Company.

Transactions in a currency other than United States Dollar ("foreign currency") are translated into United States Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

All other foreign exchange gains and losses impacting profit or loss are presented within 'Foreign exchange (loss)/gain – net'.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the following paragraphs.

Management discussed with the Directors the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

Certain critical accounting judgments in applying the Company's accounting policies are related to the policyholder claims.

The Company's estimates for reported and unreported losses and the resulting provisions are continually reviewed and updated, and adjustments resulting from this review are reflected in profit or loss. The process relies upon the use of external advisors (loss reserve specialist and loss adjustors) and the assumption that past experience is an appropriate basis for predicting future events.

Determination of the contract boundary

The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. The Company considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.

Assessment of eligibility for PAA

For such quota-share insurance contracts with a coverage period extending beyond one year, the Company elects to apply the PAA if at the inception of the contract, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the GMM. The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

4. Claims development

A claims development table discloses unpaid claims estimates into a context, allowing comparison of the development of claims for provisions with those seen in previous years. The table will provide a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent accident year-ends.

The Directors of the Company believe that the estimates of total liability for incurred claims as at the reporting date are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

The Cedant, MS Amlin Underwriting Limited, has served an Event Notice in October 2023 in respect to a covered event, Turkey Earthquake, for an estimated loss of US$27,000 (Note 15). Consequently, a claim reserve has been established.

The claims development table is not presented as the Company only has 1 claim incurred to date.

5. Insurance revenue

	For the financial year ended 31 December 2023 **USD**	For the financial period from 24 November 2021 (date of incorporation) to 31 December 2022 (Restated) USD
Insurance revenue from contracts measured under PAA	**4,690,363**	2,539,601
Total insurance revenue	**4,690,363**	2,539,601

6. Insurance service expense

	For the financial year ended 31 December 2023 **USD**	For the financial period from 24 November 2021 (date of incorporation) to 31 December 2022 (Restated) USD
Amortisation of insurance acquisition cash flows	**882,548**	474,908
Incurred claims and other directly attributable expenses	**27,000**	–
Total insurance service expense	**909,548**	474,908

7. Net expenses from reinsurance contract held

	For the financial year ended 31 December 2023 **USD**	For the financial period from 24 November 2021 (date of incorporation) to 31 December 2022 (Restated) USD
Reinsurance expenses from contracts measured under PAA	**(3,807,815)**	(2,064,693)
Incurred claims recovery	**27,000**	–
Total net expenses from reinsurance contract held	**(3,780,815)**	(2,064,693)

8. Finance expenses from reinsurance contract held

	For the financial year ended 31 December 2023	For the financial period from 24 November 2021 (date of incorporation) to 31 December 2022 (Restated)
	USD	USD
Interest accreted	**(1,831,103)**	(417,290)
Total finance expenses from reinsurance contract held	**(1,831,103)**	(417,290)

9. Other income

	For the financial year ended 31 December 2023	For the financial period from 24 November 2021 (date of incorporation) to 31 December 2022 (Restated)
	USD	USD
Proceeds from issuance of Variable Rate Notes utilised to fund operating expenses	**–**	150,000
Funding from Cedant to fund initial operating expenses	**–**	1,500,000
Funding of operating expenses by Noteholders	**281,359**	40,242
	281,359	1,690,242

In accordance to the Retrocession Agreement, a sum of $150,000 is to be deducted from the proceeds of the issuance of the Variable rate notes, to pay the initial operating expenses (Note 16).

Further, MS Amlin Underwriting Limited (as Cedant) shall instruct The Bank of New York Mellon (as Indenture Trustee) to transfer funds from the Collateral Account to the Company’s bank account to pay for operating expenses due and payable.

9. Other income (continued)

Grant income of US$1,452,289 was received on 14 October 2022 under the Monetary Authority of Singapore ("MAS") Insurance-linked Securities ("ILS") Grant Scheme, to fund ILS bond issuance costs. The grant income was not recognised within the financial statements of the Company through the statement of comprehensive income as the bond issuance expenses had been funded and reimbursed by the Cedent. The grant amount was subsequently transferred to the Cedant in full on 2 November 2022.

10. Profit before income tax

Profit before tax is arrived at after including:

	For the financial year ended 31 December 2023	For the financial period from 24 November 2021 (date of incorporation) to 31 December 2022 (restated)
	USD	USD
Professional fees	**47,673**	1,422,647
Incorporation expenses	**–**	53,954
Directors' & Officers' insurance	**33,731**	33,431
Audit fee	**51,375**	20,866
Non-audit remuneration to external auditor	**3,030**	2,981
Directors' fees	**18,811**	19,790
Administrator fees paid to a firm in which a director is a senior executive	**50,150**	49,905

11. Income tax expense

	For the financial year ended 31 December 2023 USD	For the financial period from 24 November 2021 (date of incorporation) to 31 December 2022 USD
Profit before income tax	**34,466**	36,213
Income tax at statutory rate 17% (2022: 17%)	**5,859**	6,156
Less: Effects of tax incentive scheme	**(5,859)**	(6,156)
Total tax expense	**–**	–

The Company has been approved under the tax incentive scheme for special purpose vehicles engaged in asset securitisation transaction with effect from 6 December 2021, subject to the terms set out in the tax incentive letter. From 24 November 2021 (date of incorporation) to 6 December 2021, the Company had not commenced its business activities and did not incur any taxable income subject to tax.

12. Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss comprises:

	2023 USD	2022 USD
Money Market Fund	**40,870,377**	38,507,078

The Company has used the proceeds from the sale of the Variable Rate Notes to purchase its investment in Money Market Fund, which are deposited in the applicable Collateral Account. Following the purchase of the investments and until the agreed applicable redemption date of the variable rate notes, each Collateral Account is expected to contain only the applicable investment in Money Market Fund unless such investments are redeemed early.

12. Financial assets at fair value through profit or loss

When the investment in Money Market Fund is redeemed, the cash proceeds of such redemption will be deposited in the applicable Collateral Account. The financial assets are collateral for the Variable Rate Notes in issue of the Company and any funds made available through their disposal will be used to repay the principal and accrued interest of the Variable Rate Notes.

The Collateral Account is also required to fund the Company's payment of expected operating expenses.

The investment in Money Market Fund is a Level 1 financial instrument. The investment is denominated in USD. Financial assets at fair value through profit or loss are non-current. However, if a loss event occurs, the financial assets would be sold and the proceeds from the sale of the financial assets would be used for the payment of claims arising from the loss event (refer Note 16).

13. Cash held in collateral trust

	2023	2022
	USD	USD
Cash held in collateral trust	**2,248,393**	417,290

Cash held in the Collateral Trust Account are not freely remissible for use by the Company.

The interest income is derived from investment in money market fund, received and are deposited in the applicable Collateral Trust Account. This will be paid to the Noteholders in due course.

Cash held in collateral trust are current.

14. Prepayments and other receivables

	2023	2022 (Restated)
	USD	USD
Prepayments	**55,879**	38,039
GST recoverable	**24,023**	16,571
Other receivable	**–**	40,242
	79,902	94,852

Prepayments and other receivables are current.

14. Prepayments and other receivables (continued)

The currency profile of the prepayments and other receivables as at 31 December are as follows:

	2023	2022 (Restated)
	USD	USD
United States dollar	**5,500**	35,000
Singapore dollar	**74,402**	59,852
	79,902	94,852

15. Insurance contract assets

Reconciliation of the liability for remaining coverage and the liability for incurred claims

2023	**LRC Excluding loss component**	**LIC Estimates of the present value of future cash flows**	**Total**
	USD	USD	USD
Opening insurance contract assets	907,615	-	907,615
Opening insurance contract liabilities	-	-	-
Net insurance contract assets/ (liabilities) as at 1 January	**907,615**	**-**	**907,615**
Insurance revenue	4,690,363	-	4,690,363
Insurance service expenses	(882,548)	(27,000)	(909,548)
Total changes in the statement of comprehensive income	**3,807,815**	**(27,000)**	**3,780,815**
Cash flows			
Premium received	(3,326,041)	-	(3,326,041)
Insurance acquisition cash flows	618,742	-	618,742
Total cash flows	**(2,707,299)**	**-**	**(2,707,299)**
Closing insurance contract assets	2,008,131	-	2,008,131
Closing insurance contract liabilities	-	(27,000)	(27,000)
Net insurance contract assets/ (liabilities) as at 31 December	**2,008,131**	**(27,000)**	**1,981,131**

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

15. Insurance contract assets (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

2022	LRC Excluding loss component USD	LIC Estimates of the present value of future cash flows USD	Total USD
Opening insurance contract assets	-	-	-
Opening insurance contract liabilities	-	-	-
Net insurance contract assets/ (liabilities) as at date of incorporation	**-**	**-**	**-**
Insurance revenue	2,539,601	-	2,539,601
Insurance service expenses	(474,908)	-	(474,908)
Total changes in the statement of comprehensive income	**2,064,693**	**-**	**2,064,693**
Cash flows			
Premium received	(1,427,164)	-	(1,427,164)
Insurance acquisition cash flows	270,086	-	270,086
Total cash flows	**(1,427,164)**	**-**	**(1,427,164)**
Closing insurance contract assets	907,615	-	907,615
Closing insurance contract liabilities	-	-	-
Net insurance contract assets/ (liabilities) as at 31 December (Restated)	**907,615**	**-**	**907,615**

The insurance contract assets are current.

16. Reinsurance contract liabilities

Reconciliation of the asset for remaining coverage and the asset for incurred claims

2023	**ARC Excluding loss component** USD	**AIC Estimates of the present value of future cash flows** USD	**Total** USD
Opening reinsurance contract assets	-	-	-
Opening reinsurance contract liabilities			
- Reinsurance contract liabilities	(2,481,983)	-	(2,481,983)
- Catastrophe bond liabilities	(37,350,000)	-	(37,350,000)
Net reinsurance contract assets/ (liabilities) as at 1 January	**(39,831,983)**	**-**	**(39,831,983)**
Net income/ (expense) from reinsurance contracts held			
Reinsurance expenses	(3,807,815)	-	(3,807,815)
Incurred claims recovery	-	27,000	27,000
Finance expense from reinsurance contracts held	(1,831,103)	-	(1,831,103)
Total changes in the statement of comprehensive income	**(5,638,918)**	**27,000**	**(5,611,918)**
Cash flows			
Premium paid net of ceding commissions and other directly attributable expenses paid	-	-	-
Funding received from Noteholders	322,000	-	322,000
Total cash flows	**322,000**	**-**	**322,000**
Closing reinsurance contract assets	-	27,000	27,000
Closing reinsurance contract liabilities			
- Reinsurance contract liabilities	(7,798,901)	-	(7,798,901)
- Catastrophe bond liabilities	(37,350,000)	-	(37,350,000)
Net reinsurance contract assets/ (liabilities) as at 31 December	**(45,148,901)**	**27,000**	**(45,121,901)**

16. Reinsurance contract liabilities (continued)

Reconciliation of the asset for remaining coverage and the asset for incurred claims (continued)

2022	**ARC Excluding loss component** USD	**AIC Estimates of the present value of future cash flows** USD	**Total** USD
Opening reinsurance contract assets	-	-	-
Opening reinsurance contract liabilities			
- Reinsurance contract liabilities	-	-	-
- Catastrophe bond liabilities	-	-	-
Net reinsurance contract assets/ (liabilities) as at date of incorporation	**-**	**-**	**-**
Net income/ (expense) from reinsurance contracts held			
Reinsurance expenses	(2,064,693)	-	(2,064,693)
Finance expense from reinsurance contracts held	(417,290)	-	(417,290)
Total changes in the statement of comprehensive income	**(2,481,983)**	**-**	**(2,481,983)**
Cash flows			
Premium paid net of ceding commissions	-	-	-
Proceeds from issuance of catastrophe bond	(37,350,000)	-	(37,350,000)
Total cash flows	**(37,350,000)**	**-**	**(37,350,000)**
Closing reinsurance contract assets	-	-	-
Closing reinsurance contract liabilities			
- Reinsurance contract liabilities	(2,481,983)	-	(2,481,983)
- Catastrophe bond liabilities	(37,350,000)	-	(37,350,000)
Net reinsurance contract assets/ (liabilities) as at 31 December (Restated)	**(39,831,983)**	**-**	**(39,831,983)**

16. Reinsurance contract liabilities (continued)

On 23 December 2021, the Company issued USD9,375,000 Class A Participating Notes ("Class A Notes") and USD28,125,000 Class B Participating Notes ("Class B Notes"), both due on 4 January 2028. The Notes issued by the Company are with limited recourse to certain assets of the Company. Noteholders will only have recourse to the Collateral Account and Collateral Payment Account relating to the Class A Notes. In addition to the covered perils associated with the Retrocession Agreement, the Noteholders are exposed to the credit risk of MS Amlin Underwriting Limited (as Cedent) and The Bank of New York Mellon (as Indenture Trustee).

Aside from the initial issuance on 23 December 2021, there have been no movements in the current period, no changes in unrealised fair value nor additions or redemptions of the catastrophe bond.

Due to the limited recourse of the Variable Rate Notes, the repayment of the principal and accrued interest of the Notes is dependent upon funds being available to meet such liabilities as they fall due. If the Company has insufficient funds available for the purpose of redeeming the principal outstanding on any class of notes in full or interest thereon, such amounts shall not be payable to the Noteholders.

The fair value of Notes is calculated by adding the nominal value of the Variable Rate Notes and the unrealised fair value adjustment on financial assets. Interest on the Notes is accrued based on the ceded premium payable less losses, expenses, commissions and other amounts payable under the Retrocession Agreement.

Of the proceeds of the issuance of the Variable Rate Notes, USD150,000 was utilised to fund operational expenses.

Catastrophe bond liabilities are non-current liabilities. The reinsurance contract liabilities are current.

17. Cash and cash equivalents

	2023	2022
	USD	USD
Cash at bank	**138,394**	23,400

Cash and cash equivalents are denominated in the following currencies:

	2023	2022
	USD	USD
USD	**123,244**	8,496
SGD	**15,150**	14,904
	138,394	23,400

Cash and cash equivalents are current.

18. Accrued expenses and other payables

	2023	2022
	USD	USD (Restated)
Accrued expenses	**110,950**	67,372
	110,950	67,372

Accrued expenses are denominated in the following currencies:

	2023	2022
	USD	USD (Restated)
Singapore Dollars	**109,722**	65,644
United States Dollars	**1,228**	1,728
	110,950	67,372

Accrued expenses and other payables are current liabilities.

19. Share capital

	2023	2023	**2023**	2022
	Number of ordinary shares		**USD**	USD
Issued and fully paid up with no par value:				
At beginning and end of the financial year/period	**20,000**	20,000	**14,667**	14,667

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by the Singapore insurance regulator;
- to safeguard the Company's ability to continue as a going concern so that it can continue to meet its commitments to noteholders.

The Company is required, at all times it carries on insurance businesses, to meet and maintain the relevant fund solvency and capital adequacy requirements as prescribed under the Act and relevant regulations. There is no change in the Company's approach to capital management during the period. The Company has met these requirements.

20. Insurance risk management

20.1 Risk management objectives and policies for mitigating insurance risk

The primary activity carried out by the Company assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risk may relate to property, liability or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Company manages its insurance risk though underwriting, pricing comparisons, centralised management of reinsurance and monitoring of emerging issues.

20.2 Underwriting strategy

The Company, due to its licensing arrangements and conditions, is unable to insure a diversified portfolio of similar risks.

20.3 Terms and conditions of insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from the contracts are set out below.

The following gives an assessment of the Company's main product and the ways in which it manages the associated risks.

Product features

The Company underwrites catastrophe quota share treaty, indemnifying the reinsured for the part of its losses which exceed the applicable Aggregate Loss Limits on account of each and every Covered Event. This insurance covers original losses and expenses in Asia Pacific (excluding Japan and Australasia), India, and India Subcontinent, plus Israel and Turkey, for covered natural and non-natural perils including but not limited to earthquake, storm, fire and explosion.

Management of risks

The key risks associated with this product are underwriting risk and insurance risk.

Underwriting risk is the risk that the Company does not charge premiums appropriately for the coverage it insures. The risk on any policy will vary according to many factors such as location, safety measures in place, nature of the business insured and age of property. Therefore, determining a premium commensurate with the risk for these policies will be subjective, and hence risky.

20. Insurance risk management (continued)

20.3 Terms and conditions of insurance contracts (continued)

Management of risks (continued)

Insurance risk is managed primarily through sensible pricing, appropriate investment strategy and reinsurance via the issuance of catastrophe bonds. The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates.

20.4 Concentration of insurance risk

Within the insurance process, concentration of risk may arise where a particular event or series of events could impact heavily upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts and related to circumstances where significant liabilities could arise.

The Company manages the risk by capping its exposure with an aggregate limit.

Reinsurance strategy

The principal activity of the Company involves placing natural and non-natural perils including but not limited to earthquake, storm, fire, explosion risks with the capital markets. The risks are assumed by the Company under a retrocession agreement with MS Amlin Underwriting Limited. The Company has issued Variable Rate Notes in order to obtain funds to support the obligations under the Retrocession Agreement to make certain payments to MS Amlin Underwriting Limited.

The catastrophe bond liabilities provided the funding to purchase the Company's investment in financial assets at fair value through profit or loss ("FVTPL"). Financial assets and catastrophe bond liabilities represent the majority of the assets and liabilities of the Company. The Company has purchased Money Market Fund as a means of investing the proceeds of the Variable Rates Notes issued.

The strategies used by the Company in achieving its objectives regarding the use of the financial assets and liabilities were established when the Company entered into the transactions. The Company has attempted to match the properties of its catastrophe bond liabilities to its assets to avoid the risk generated by mismatches of investment performance against its obligations.

20. Insurance risk management (continued)

20.4 Concentration of insurance risk (continued)

Event risk

The Company has issued Variable Rate Notes in order to obtain funding to support its obligations under the reinsurance agreement to make certain payments to MS Amlin Underwriting Limited. As a result of the Retrocession Agreement in place, the Company and holders of the Notes issued by the Company are at risk in the event that the covered risks occurs during the risk period, which exceed the Aggregate Loss Limits. The Company will be required to make payments to MS Amlin Underwriting Limited for its proportionate share of losses incurred by MS Amlin Underwriting Limited up to the Aggregate Loss Limits.

21. Financial risk management

The Company's activities expose it to credit risk, market risks (including foreign currency risk and interest rate risk) and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Company's financial performance.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. Key areas where the Company is exposed to credit risk are:

- financial assets at fair value through profit and loss;
- cash held in collateral trust; and
- cash and cash equivalents.

The above represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

There are policies in place to identify whether the debtors have adequate financial standing and have appropriate credit history.

21. Financial risk management (continued)

Credit risk (continued)

The financial assets at FVTPL are investments placed in a Money Market Fund and has a high credit rating of AAA (2022: “AAA”) by Standard & Poor’s.

As at 31 December 2023, there are no expected credit losses.

Cash and cash equivalents are held with one financial institution, thereby exposing the Company to significant concentrations of credit risk. However, management consider that the high credit rating of A-1 (2022: “A-1”) by Standard & Poor’s of the financial institution has reduced the risk to an acceptable level.

Foreign currency risk

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the Company. The Company has no significant foreign currency exchange rate risk as its financial assets and liabilities are substantially denominated in United States dollar. Hence, no disclosure on sensitivity analysis for changes in foreign exchange rate as the effect is not significant.

Interest rate risk

The Company’s exposure to market risk for changes in interest rates relates primarily to its investment in the Money Market Fund. The Company has cash balances and investments placed in Money Market Fund, which has a credit rating of AAA (2022: “AAA”) by Standard & Poor’s.

At the reporting date, the Company’s net exposure to interest rate risk is not significant.

Liquidity risk

The Company is exposed to calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company’s ability to meet its funding requirements is managed by maintaining sufficient cash and bank deposits, as well as investments.

The Company’s main liabilities are the outstanding claims (if any), repayment of interest and principal on its variable rate notes.

21. Financial risk management (continued)

Liquidity risk (continued)

The Directors do not foresee any issues in meeting the Company's claim obligations (if any) as its maximum exposure is limited to the liquidation proceeds of the permitted investments held in the collateral trust account. The risk is managed by maintaining the investment.

The contractual maturities of financial liabilities as at the reporting date is current. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements (if any).

22. Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, other receivables, other payables and accrued expenses approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable financial assets and financial liabilities are determined as follows:

22.1 the fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets are determined with reference to quoted market prices (Level 1 of fair value hierarchy).

22.2 In the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy).

22.3 In the absence of observable inputs, the fair values of the remaining financial assets and financial liabilities (excluding derivatives instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).

22. Fair value of financial assets and financial liabilities (continued)

The fair values of applicable financial assets and financial liabilities are determined as follows:

31 December 2023	Note	Level 1 USD	Level 2 USD	Level 3 USD
Financial assets at fair value through profit and loss:				
Investment in Money Market Fund	12	40,870,377	–	–

31 December 2022	Note	Level 1 USD	Level 2 USD	Level 3 USD
Financial assets at fair value through profit and loss:				
Investment in Money Market Fund	12	38,507,078	–	–

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position are as follows:

	Note	At FVTPL USD	At amortised cost USD	Total carrying amount USD
2023				
Financial assets				
Financial assets at fair value through profit or loss	12	40,870,377	–	40,870,377
Cash held in collateral trust	13	–	2,248,393	2,248,393
Other receivables (excluding Prepayments)	14	–	24,023	24,023
Cash and cash equivalents	17	–	138,394	138,394
		40,870,377	**2,410,810**	**43,281,187**
Financial liabilities				
Accrued expenses	18	–	110,950	110,950
		–	**110,950**	**110,950**

22. Fair value of financial assets and financial liabilities (continued)

Financial instruments by category (continued)

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position are as follows: (continued)

	Note	At FVTPL USD	At amortised cost USD	Total carrying amount USD
2022 (Restated)				
Financial assets				
Financial assets at fair value through profit or loss	12	38,507,078	–	38,507,078
Cash held in collateral trust	13	–	417,290	417,290
Other receivables (excluding prepayments) (restated)	14	–	56,813	56,813
Cash and cash equivalents	17	–	23,400	23,400
		38,507,078	**497,503**	**39,004,581**
Financial liabilities				
Accrued expenses (restated)	18	–	67,372	67,372
		–	**67,372**	**67,372**

23. Related parties

Transactions with key management personnel

The key management personnel of the Company comprised Directors and their fees are as disclosed under Note 10.

During the financial reporting year, the Company had no employees as the operational management, accounting and administrative functions are provided by an insurance manager.

Other related party transactions

Other than as disclosed elsewhere in the financial statements, there were no significant transactions between the Company and its related corporations or related parties.

24. Effects of adoption of FRS 117

FRS 117 requires an entity to use the same systematic and rational method expected to be used post transition to allocate any insurance acquisition cash flows paid (or for which a liability has been recognised applying another FRS standard) before the transition date to groups of insurance contracts recognised at transition date and after the transition date.

The Company has applied the full retrospective approach to the insurance and reinsurance contracts in-force at the transition date.

The Company has restated comparative information for the financial period ended 31 December 2022 applying the transitional provisions to FRS117. The nature and effects of the changes in the Company's accounting policies are summarised below.

With the adoption of the FRS 117 retrospectively, the restatement as at 24 November 2021 is as follows:

	As at 24 November 2021 As reported	Effect of application FRS 117	As at 24 November 2021 (Restated)
Equity	USD	USD	USD
Retained earnings	-	–	-
Total effects on equity		**–**	

25. Comparative figures

The previous financial period comprises 13 months from 24 November 2021 to 31 December 2022 as compared to current financial year which comprises 12 months from 1 January 2023 to 31 December 2023.

26. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company.

Effective for annual periods beginning on or after 1 January 2024:

- Amendments to FRS 1: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)

These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

27. Subsequent events

On 29 December 2023, a Consent Solicitation & Exchange Offer announcement was launched to all its original Series 2022-1 Class A and Class B Noteholders to solicit the exchange of their Notes for a like principal amount of new Series 2024-1 Class A and Class B Notes to be issued by the Company in financial year 2024. On 12 January 2024, the Company has received consent from 92% original Series 2022-1 Class A Noteholders and 69.78% of Class B Noteholders accepting to exchange original Series 2022-1 Class A and Class B Notes of US$8,625,000 and US$19,625,000 for the new Series 2024-1 Class A and B Notes respectively.

Following the solicitation, The Bank of New York (as the Indenture Trustee) has liquidated the investments in the Money Market Fund and deposited the funds along with the interest income from 24 November 2021 to 31 December 2023 of the said investment to the new Series 2024-1 Class A and Class B collateral trust accounts on 18 January 2024.

Further, on 29 January 2024, the Company issued an additional series Class C Notes of US$7,000,000 due 4 January 2038.

28. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Phoenix 2 Re Pte. Ltd. on 31 May 2024.